

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – DECEMBER 7, 2005**

**PRESENT:** Chairman Anthony Maiola and Commissioner John Byrne; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Eddie Edwards, Chief of Enforcement; Steven Slovenski, Legal Counsel; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer. **Guests:** Al Picconi, Southern Wine & Spirits of New England, Inc.; Brian Law and Michael Goclowski, Law Warehouses.

**EXCUSED:** Commissioner Patricia Russell.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

Total sales for the week ending December 4, 2005 increased by 5.24% or \$422,725, as they did year-to-date by 4.90% or \$8,764,059. Brian Law remarked that shipments increased by 8% in November 2005 compared to November 2004, and November 2005 was the largest month for shipping (more than 315,000 cases) since December 2003 (322,000 cases).

##### **B. Budget/Administrative Reports:**

There are now only six LSRs to keep track of. No. 2545 pertaining to liquor licenses is no longer listed. Commissioner Byrne said he would call Senator D'Allesandro regarding this.

Craig asked for permission to access House and Senate journals through the internet rather than paying for paper copies. Commissioner Byrne suggested that this be discussed with Commissioner Russell first.

The sweepstakes incentive award is on the agenda for today's Governor and Council meeting, which is being held at Hopkinton High School.

The W-6 Expense Budget Activity Variance Report for the week ending December 6, 2005 shows the year to be expired at around 44%, with agency expenditures at a little over 40% of the budget.

The deadline for people to submit claims for credit card settlement has been extended to the end of February. The total amount the Commission is looking for is around \$90,000.00. Because of the extension, we probably will not see any money until March or April of 2006.

George will be out of the office tomorrow and Friday serving on the Enterprise Resources Planning Committee. Several accounting staff members will also attending labs during this time.

2. IT Report

The contract for the Disaster Recovery program to resolve communication problems is now ready for processing; it will not exceed \$2,000.00.

It was discovered that the problem with files going down to Law Warehouse was not one caused by communications, but was a file naming issue. This issue has now been resolved.

The RFP for point-of-sale hardware replacement is just about ready to go over to OIT. It will be reviewed in-house before it is sent over.

3. Human Resources Report

Evie complimented those involved for the awesome job done in getting performance evaluations completed. There were 100 due for December alone, with 25 left to complete. Craig urged everyone to keep in mind that increments for employees could not be processed unless evaluations are finalized.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Total store sales for the week ending 12/4/05 rose 3.51% or \$207,593.20 over the same week last year. There was nothing significant to report regarding this.

A Supervisor/Manager meeting is scheduled for tomorrow at 10:00 a.m. at the Enforcement Division.

2. Purchasing Report

There have been some significant out-of-stocks of Southern Comfort, which is supplied by Brown-Forman Corporation. Kathy Hass is working with the supplier and broker regarding shortages of Yellow Tail wines.

Sales reports for the week ending November 27<sup>th</sup> indicate that 2/3 of the supply of Beaujolais Nouveau products purchased have been sold.

3. Merchandising Report

**A. SPIRITS:**

**1) Test Market Results (Codes #4205, #4206, #4207 and #3578):**

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve specialty item listings for Code #4205, Bacardi Island Breeze Wild Berry Rum, Code #4206, Bacardi Island Breeze Key Lime Rum, Code #4207, Bacardi Island Breeze Coconut Rum and Code #3578, Stolichnaya Elite Vodka, 750ML size, as each item achieved their respective gross profits required for specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**2) Line Extension Requests:**

**a. Smirnoff Green Apple Twist, 375ML:**

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Southern Wine and Spirits of N.E., Inc./Diageo North America, for a line extension to Smirnoff Green Apple Twist, 375ML size (assigned new Code #3478), as this brand in the 750ML size achieved the gross profit required for an added size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**b. Smirnoff Watermelon Twist, 1.75L:**

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Southern Wine and Spirits of N.E., Inc./Diageo North America, for a line extension to Smirnoff Watermelon Twist, 1.75L size (assigned new Code #3718), as this brand in the 750ML size achieved the gross profit required for an added size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**3) Appeal (Code #3914, Stolichnaya Raspberry Vodka):**

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny an appeal from Horizon Beverage Company/Allied Domecq/Pernod Ricard regarding the delisting of Code #3914, Stolichnaya Raspberry Vodka, 375ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) January 2006 Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Southern Wine and Spirits of N.E., Inc./Diageo North America to conduct a consumer sweepstakes during January 2006 in promotion of Jose Cuervo Tequila and pre-mixed drinks, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) February Special Offers:

a. 3 items – M.S. Walker, NH:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from M.S. Walker, NH, based upon depletions for three (3) spirit items, to be featured on sale during February 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 3 unmatched items – M.S. Walker, NH:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from M.S. Walker, NH, based upon depletions, without matching state funds, for three (3) spirit items, to be featured on sale during February 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 8 items – Perfecta Wine Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Perfecta Wine Company, based upon depletions for eight (8) spirit items, to be featured on sale during February 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 30 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions for thirty (30) spirit items, to be

featured on sale during February 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 22 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions for twenty-two (22) spirit items, to be featured on sale during February 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 105 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Horizon Beverage Company, based upon depletions for one hundred five (105) spirit items, to be featured on sale during February 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- g. 51 unmatched items – Southern Wine & Spirits of N.E.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Southern Wine & Spirits of New England, based upon depletions, without matching state funds, for fifty-one (51) spirit items, to be featured on sale during February 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

- 1) February 15% Wine Case Sale (Jan. 30, 2006 – Feb. 26, 2006):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a 15% case discount on twelve (12) or more bottles of wine, 750ML size, mix or match, from January 30 through February 26, 2006, as recommended by Nicole Brassard, Wine Marketing Specialist

and concurred by John Bunnell, Administrator of Marketing & Sales, but that the sale be revised from “wines from France” to “wines from Europe”. The motion was unanimously adopted.

2) Store Tasting Request:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H. to conduct an in-store tasting on Wednesday, December 14, 2006 at Store #69, Nashua, featuring six 2001 Bordeaux wines, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Purchase and Introductions:

a. Barefoot Cellars:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny a request from Pine State Trading Company/E & J Gallo Winery, for the purchase and introduction of seven 1.5 liter varietal wines and two sparkling wines, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 12 Spanish Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny a request from Global Wines, Ltd., for the purchase and introduction of twelve Spanish wines, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Allocated Wines for Distribution to Selected Stores  
(2 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve two (2) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Primary Source Submissions:

- a. 5 primary source; 9 exclusive agent; 19 imported:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the listing of five (5) wine codes which are from primary source, nine (9) wine codes which are offered by the exclusive marketing agent, and nineteen (19) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 8 exclusive agent; 31 imported:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the listing of eight (8) wine codes which are offered by the exclusive marketing agent, and thirty-one (31) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Tabled Items:

- a. Dom Perignon Pricing (11/30/05, Item B-2): Item remained on the table.

**III. ENFORCEMENT & LICENSING REPORT – No report given.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed requests for bailment releases/transfers dated December 1 through December 7, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

- a. Store Hours of Operation and Staffing Recommendation – Martin Luther King, Jr./Civil Rights Day, Monday, January 16, 2006:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve hours of operation and staffing for thirty-seven stores for Martin Luther King, Jr./Civil Rights Day, Monday, January 16, 2006, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 2005 Additional Holiday Security Detail Recommendations:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve additional hours for holiday security details at Store #15, Keene, as requested by Commissioner Patricia Russell, recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Cluster 4 Wine Shelf Sets:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve store wine sets for Cluster 4 stores, based on the new rules, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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